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ABSTRACT

This report describes a voluntary audit program implemented by the Educational Testing Service (ETS). The comprehensive audit program was developed to assure that all corporate programs adhere to the ETS Standards for Quality and Fairness. The standards address issues which relate to all ETS activities such as accountability, confidentiality of data, and product accuracy and timeliness. The other standards relate to the organization's charter responsibilities. These include research and development, tests and measurement, test use, and public information. Every program at ETS must be audited at least once every three years. The Office of Corporate Quality Assurance was established and charged with the responsibility for developing a continuous process for monitoring performance relative to the standards. The objectives and philosophy of the ETS Audit Program are discussed. (DWH)

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DEVELOPMENT AND OPERATION OF A

VOLUNTARY AUDIT PROGRAM

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Introduction

On October 6, 1981, the Board of Trustees of Educational Testing Service (ETS) passed resolutions recommended by newly appointed President Gregory R. Anrig that

- adopted the ETS Standards of Quality and Fairness[1] as ETS policy;
- directed management to continue its program of monitoring adherence to the ETS Standards and to make an annual report to the trustees regarding this effort;
- authorized the appointment of a Visiting Committee of persons outside ETS who were to advise the Trustees on the application of the ETS Standards and to report on whether ETS actions were in accordance with the spirit and purpose of the standards; and
- directed the Trustee Committee on Public Responsibility to prepare an annual accountability report to be released publicly to evaluate actions taken in accordance with the ETS Standards.

This action by the Trustees of ETS marked the beginning of a new era for the ETS Audit Program. A program that had begun as an internal management tool had now emerged as an integral part of the corporation's program of public accountability.

A Brief History

The ETS Audit Program did not begin with the trustee action. Its foundation began in 1974 when, then president, William W. Turnbull asked over 150 staff to begin an extensive deliberative process to develop a set of standards for all programs administered by ETS. The ETS Standards were first published in provisional form in 1977 as guidelines for management and were called the

Principles, Policies and Procedural Guidelines Regarding ETS Products and Services[2]. These standards were then put through a rigorous testing period during which they were applied to virtually all ETS areas.

During the following year, work related to the ETS Standards continued on two fronts. A committee was established to review the provisional standards and to propose the needed clarifications and revisions identified during the testing period. At the same time, ETS established an Office of Corporate Quality Assurance (OCQA) and charged it with the responsibility for developing an ongoing process for monitoring performance relative to the standards.

As a result of these initiatives, ETS developed and implemented a comprehensive audit program to assure that all programs adhere to the ETS Standards for Quality and Fairness. These audits are coordinated by OCQA and are conducted under specific review by senior ETS management and general review by the ETS Trustees.

The ETS Standards for Quality and Fairness

The standards are designed to ensure that ETS products and service meet demonstrable criteria with respect to seven areas of basic importance. The first three address issues that relate to all ETS activities:

Accountability — the responsibilities of ETS to those affected by its activities

Confidentiality of Data — the rights to, and limitations on, access to data collected and used by ETS

Product Accuracy and Timeliness — the control of quality and organizational performance according to scheduled commitments

The remaining four areas concern issues relating to the organization's charter responsibilities as a not-for-profit educational organization:

Research and Development — a commitment to increase understanding of educational processes and to improve ETS products

Tests and Measurement — the construction, administration, reporting, interpretation, and evaluation of ETS tests as accurately as possible

Test Use — the proper and fair use of ETS tests in the educational and professional fields

Public Information — the dissemination of information regarding testing measurement and related educational issues

In each of these seven areas, the Standards formally commit ETS to the principles that underlie its efforts, the policies that govern decision making, and the procedural guidelines for the conduct of specific ETS activities. The ETS Standards conform to, and in some cases, exceed the Standards for Educational and Psychological Testing issued by the American Educational Research Association, the American Psychological Association, and the National Council for Measurement in Education. The standards, however, are drawn from particular circumstances and needs at ETS and reflect its objectives; therefore, they may not be useful to organizations whose practices, programs, or services differ from ETS.

The Objective of the ETS Audit Program

The principal objective of the ETS Audit Program is to monitor and report on the extent to which ETS programs, projects, and other activities are complying with the procedural guidelines incorporated into the ETS Standards. Every program at ETS must be audited at least once every three years. The gathering of relevant documentation, the analysis and recommendations by audit teams, and the program's final actions on the recommendations are all part of a three-phased effort:

Phase One: Self-Evaluation. During the initial phase of the audit process, OCQA selects the programs to be audited and appoints teams of independent reviewers. Most testing programs are evaluated by one three-person team on practices related to the Tests and Measurement guidelines, and by a second team on practices related to the other guidelines. Each team's membership is structured to maximize the knowledge and skills necessary to evaluate the program and to maximize the diversity of perspectives and the areas of employment within ETS. The members of each team are required to reach a consensus on their final evaluations of the program.

During this phase, program staffs evaluate the ways in which their programs comply with the procedural guidelines. They also assemble for the audit teams the documentation required to verify their evaluation.

The final step in this phase is an orientation meeting at which the program staff provides auditors with an overview of the program and its practices relative to each area of the standards. Before auditors begin their deliberations based on a program's own evaluation and documentation, they ask questions at the orientation session about the program and the documentation the program staff has provided. The team may also request additional information to help them in their review.

Phase Two: Independent Evaluation. In the second phase of the audit, each team evaluates the program's practices to determine whether or not those practices measure up to the procedural guidelines. When the members of an audit team believe a program does not comply with the procedural guidelines, they explain the problem and make a recommendation for resolving it. The audit team's evaluations are based on one of the following ratings:

> Satisfactory (S) -- The program policy or practice is consistent with the intent of the guideline.

Change Recommended to ETS Program Practice (C) — The ETS practice described and demonstrated through procedures, publications, etc., is not consistent with the guideline and requires corrective action.

Change Recommended to Sponsor Program Practice (R) — The program policy or practice for which the sponsor is responsible is not consistent with the guideline and requires recommending corrective action to the sponsor.

Change Recommended to Program Documentation (D) — The program policy or practice, as described, cannot be verified because adequate documentation is not available.

The audit team's initial evaluations and recommendations are presented to the program at a meeting between the teams and the program staff. At this time, each audit team explains its independent evaluations, and the program staff can discuss any of the auditors' recommendations.

Audit teams also supplement their individual procedural guideline recommendations with a more general evaluation. In a summary statement, the auditors present their major findings and their overall assessment of the program.

When the audits of a program have been completed, reports are sent to the program directors for their review. If, after studying the audit teams' reports, the program director feels the auditors have failed to interpret a procedural guideline correctly, he or she may appeal the evaluation before the final reports are submitted to the responsible vice president. OCQA reviews all appeals and notifies the program director of the final decision.

Following appeals, if any, OCQA forwards the report to the responsible vice president for action.

Phase Three: Summaries and Actions. The final phase of the Audit Program involves the preparation of reports and the initiation of action to address all areas where changes were recommended. Programs are expected to take action on every audit team recommendation. In some instances, however, the required action may prove to be unfeasible, unacceptable to the program's sponsor, or even technically impossible. In those instances, a program director can ask the responsible vice president for an exemption from complying with the procedural guideline. OCQA summarizes the audit reports, action plans, and exemptions for senior ETS management and the Visiting Committee. They are also presented in the annual Quality Assurance Report to the ETS Trustee Committee on Public Responsibility.

The Visiting Committee's Review of the Audit Program

A Visiting Committee was formed in 1982 to aid the trustees in assuring appropriate application of the ETS Standards. The Committee consists of persons from outside ETS and its Board of Trustees who are knowledgeable in the areas addressed by the ETS Standards for Quality and Fairness. The Committee membership includes representatives from organizations that have in the past been critical of ETS.

Officially, the Visiting Committee advises the Trustee Committee on Public Responsibility on the application and interpretation of the ETS Standards. Specifically, it reviews the Audit Program to assure that audits are appropriately comprehensive and reasonably designed to assess compliance with the standards. It also determines whether audit recommendations are adequate and that resulting actions demonstrate an appropriate commitment to the standards.

The work of the Visiting Committee has added another dimension to the Audit Program. Its annual visit provides ETS with helpful evaluation and constructive suggestions. During their visit, the members of the Committee are given free access to auditors, program staffs and audit reports. They also meet with ETS senior management and receive detailed information about the ETS actions relative to recommendations of previous Visiting Committees.

Following the Committee's visit to ETS, it prepares a report with its conclusions and recommendations. This report is presented to the Trustees Committee on Public Responsibility and is also published.

The Philosophy of the ETS Audit Program

The preface to the ETS Standards for Quality and Fairness indicates that "ETS does not have complete responsibility or authority, of course to determine how the Standards will be implemented in activities for which policy is substantially established by a sponsoring group or institution other than ETS." ETS, however, believes that the Standards can contribute significantly to the quality and utility of its products and services for clients and consumers. As a result, the Standards are applied rigorously and vigorously to all aspects of programs administered by ETS.

ETS audit teams are instructed to review all program policies and practices--even those that are the responsibility of the client. ETS is committed to encouraging clients' acceptance of the standards. If any client's practice or policy is at variance with the standards, the audits bring it to management's attention so that the matter can be reviewed and action taken, if necessary. ETS believes this approach to be more constructive than ignoring client activities because they are not ETS's responsibilities.

Auditors are asked to determine only whether or not a program practice is consistent with the intent of the ETS Standards. The circumstances surrounding variances are not to be considered. Thus audit teams are instructed to treat large and small programs alike and to ignore such matters as cost, technical feasibility or whether a recommended action might be considered inapprropriate by the client. Moreover, audit teams are instructed to make no provisions for new programs or programs with special needs.

While auditors determine whether a program is measuring up to the Standards, management must decide whether a program should measure up to the Standards. In other words, management is responsible for deciding what action, if any, should be taken to address the concerns raised by the audit team. Thus, audit

recommendations are viewed not as requirements but as recommendations -- albeit ones to be taken very seriously — that the program must address and resolve within the context of its operating environment.

In addressing audit recommendations program managers are required to make judgments that audit teams are not allowed to make: whether the requested actions are reasonable or whether they are not feasible, too costly, or simply not prudent to recommend to the client. It must be remembered, however, that these judgments are reviewed by ETS senior management, the Visiting Committee and the ETS Trustees.

The Audit Program Today

As the OCQA, the auditors, program staffs, management, and the Visiting Committee have worked together to develop improved methods for evaluating programs, the Audit Program has grown rapidly. At first, audits were conducted by several professionals from the ETS staff, each working independently of the other. Now teams of professionals are used — a change that has produced more thorough, reliable reviews. Audit teams have also contributed to staff development by bringing together colleagues from diverse areas of ETS and giving them the opportunity to share their varied perspectives.

Individuals from outside ETS now participate regularly as auditors and their expertise has been valuable in the work of the audit teams. Lawyers, statisticians and professionals from business and education have played important roles in assuring the broadest possible interpretation of the ETS Standards.

The introduction of formal program orientation sessions and meetings to discuss audit team recommendations has also proven beneficial. Since the meetings were implemented, the exchanges between audit teams and program staffs have become more helpful, more substantive and sometimes more direct.

Over the years, ETS has worked hard to maintain and improve the quality of the Audit Program, a process that will continue. Auditors are serious about their work and programs are clearly using the audit results for making management decisions and overall program improvement. As a result, ETS believes that the Audit Program has been established as a respected feature of ETS's effort to enhance its public accountability.

REFERENCES

1. ETS Standards for Quality and Fairness, Educational Testing Service, Princeton, New Jersey, 1983.

2. Principles, Policies and Procedural Guidelines Regarding ETS Products and Services, Educational Testing Service, Princeton, New Jersey, 1979.